

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF AXIA ENERGY, LLC FOR AN ORDER: (1) PARTIALLY VACATING THE BOARD'S ORDER ENTERED IN CAUSE NO. 132-1; AND (2) ESTABLISHING SECTIONAL (640-ACRE OR SUBSTANTIALLY EQUIVALENT COMBINATION OF LOTS AND QUARTER-QUARTER SECTIONS) DRILLING UNITS FOR THE PRODUCTION OF OIL, GAS AND ASSOCIATED HYDROCARBONS FROM THE EOCENE LOWER GREEN RIVER AND PORTIONS OF THE PALEOCENE WASATCH TRANSITIONAL PRODUCING ZONES FOR SECTION 32, TOWNSHIP 5 SOUTH, RANGE 20 EAST, SLM, AND SECTIONS 2 AND 16, TOWNSHIP 6 SOUTH, RANGE 20 EAST, SLM, UINTAH COUNTY, UTAH, AND AUTHORIZING WELLS ON EACH SUCH DRILLING UNIT SO ESTABLISHED TO ACHIEVE AN APPROXIMATE EQUIVALENT 20-ACRE WELL DENSITY

NOTICE OF HEARING

Docket No. 2015-004
Cause No. 132-02

THE STATE OF UTAH TO ALL PERSONS INTERESTED IN THE FOLLOWING MATTER.

Notice is hereby given that the Board of Oil, Gas and Mining ("Board"), State of Utah, will conduct a hearing on WEDNESDAY, JANUARY 28, 2015, at 9:00 AM, or as soon thereafter as possible, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

The hearing will be conducted as a formal administrative adjudication in accordance with the rules of the Board as set forth in Utah Administrative Code R641 et seq., and as provided for in Utah Code Ann. § 40-6-1 et seq., and Utah Code Ann. § 63G-4-101 through 601.

The purpose of the hearing will be for the Board to receive testimony and evidence regarding a Request for Agency Action that the Board enter an Order:

1. Partially vacating the Board's Order entered on February 14, 1968 in Cause No. 132-1, insofar as it pertains to the subject Sections 32 and 2 lands outlined below;

2. Establish sectional drilling units for the production of oil, gas and hydrocarbons from the Eocene Lower Green River and the upper 1000 feet of the Paleocene Wasatch transitional producing zones, defined for purposes of this cause as follows:

the stratigraphic equivalent of the interval between the top of the Lower Green River Formation, as found at 6,908', and 1000' below the base of the Uteland Butte (top of the Wasatch Formation), said base as found at 8,735', on Gamma Ray and Resistivity logs for Axia Energy's Gusher State 16-16 Well in Section 16, T6S-R20E, SLM

(the "Subject Formations"), for the following Uintah County, Utah lands:

Township 5 South, Range 20 East, SLM

Section 32: Lots 1 (45.11), 2 (44.84),
 3 (44.58) and 4 (44.31),
 N $\frac{1}{2}$ S $\frac{1}{2}$, and N $\frac{1}{2}$ [All]

(658.84 acres)

Township 6 South, Range 20 East, SLM

Section 2: Lots 1 (6.61), 2(6.71), 3 (6.81),
 4 (6.91), S $\frac{1}{2}$ N $\frac{1}{2}$, and S $\frac{1}{2}$ [All]

(507.04 acres)

Section 16: All

(640 acres),

to which Axia refers as the "Halfway Hollow" prospect (collectively the "Subject Lands");

3. Authorizing upon each drilling unit so established the number of wells to equate to an equivalent 20-acre density, provided no well may be located closer than 460 feet to a shared drilling unit/lease boundary line and with no specified intra-well setbacks;

4. Expressly ordering that Utah Admin. Code Rule R649-3-11(1.1) is inapplicable to any directionally drilled well on the drilling units so established as long as the productive intervals are within the setbacks so established and with the caveat that, if an uphole completion closer than the setback is subsequently proposed, an exception location approval and/or consents, will be obtained as circumstances may require under applicable regulation; and

5. Providing for such other and further relief as may be just and equitable under the circumstances.

Objections to the Request for Agency Action must be filed with the Secretary of the Board at the address listed below no later than the 12th day of January, 2015. A party must file a timely written objection or other response in order to participate as a party at the Board hearing. Failure to participate can result in a default judgment.

Natural persons may appear and represent themselves before the Board. All other representation of parties before the Board will be by attorneys licensed to practice law in the State of Utah, or attorneys licensed to practice law in another jurisdiction which meet the rules of the Utah State Bar for practicing law before the Utah Courts.

Persons interested in this matter may participate pursuant to the procedural rules of the Board. The Request for Agency Action, and any subsequent pleadings, may be inspected at the office of the undersigned, and inspected online at the Utah Board of Oil, Gas and Mining's website at <http://ogm.utah.gov/amr/boardtemp/redesign/books.html>.

Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this hearing should call Julie Ann Carter at (801) 538-5277, at least three working days prior to the hearing date.

DATED this 30th day of December, 2014.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING
Ruland J. Gill, Jr., Chairman



/s/ Julie Ann Carter

Board Secretary
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116
(801) 538-5277

CERTIFICATE OF PUBLISHED NOTICE

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF HEARING for Docket No. 2015-004 Cause No. 132-02 to be PUBLISHED in the following newspapers on the following days:

January 4, 2015:

The Salt Lake Tribune and Deseret Morning News, newspapers of general circulation in Salt Lake City and County.

January 6, 2015:

Uintah Basin Standard, a newspaper of general circulation in Duchesne and Uintah Counties.

January 6, 2015:

Vernal Express, a newspaper of general circulation in Daggett and Uintah Counties.

A handwritten signature in cursive script, reading "Julie Ann Carter", is written over a horizontal line.

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of December, 2014, I caused a true and correct copy of the foregoing NOTICE OF HEARING for Docket No. 2015-004, Cause No. 132-02, to be mailed with postage prepaid, via E-mail or First Class Mail, to the following:

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A handwritten signature in blue ink, reading "Julie Ann Carter", is written over a horizontal line.